

Message Text

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PAGE 01 BUENOS 07520 121340Z

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ACTION ARA-20

INFO OCT-01 ISO-00 OMB-01 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 ACDA-19 IO-15 AID-20 PC-04 COME-00

EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06

SIL-01 DRC-01 (ISO) W

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R 112044Z OCT 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 3922

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E.O. 11652: N/A

TAGS: EGEN, AR

SUBJECT: PERON PLEDGES TO CONTINUE CURRENT ECONOMIC POLICIES

1. PRESIDENT ELECT JUAN PERON STRONGLY ENDORSED PRESENT GOA ECONOMIC POLICIES AND AFFIRMED HIS INTENTION TO CONTINUE GOVERNMENT'S CURRENT ECONOMIC ORIENTATION FOLLOWING HIS INAUGURATION OCTOBER 12. ADDRESSING REPORTED 1,000 ARGENTINE BUSINESSMEN BROUGHT TOGETHER OCTOBER 4 BY GENERAL ECONOMIC CONFEDERATION (CGE), PERON LAUDED CGE AND ITS MEMBERS, AS WELL AS MINISTRY OF ECONOMY AND GENERAL CONFEDERATION OF LABOR (CGT), FOR THEIR CONTRIBUTIONS TO SUCCESS OF ECONOMIC POLICY SO FAR. HIS VERY PRO-BUSINESS SPEECH EMPHASIZED NEED FOR EVOLUTION OF ECONOMIC STRUCTURES RATHER THAN REVOLUTION. FINALLY, HE SAID COUNTRY WOULD BE GRATEFUL TO BUSINESSMEN WILLING TO TAKE OVER DIRECTION OF STATE ENTERPRISES, WHICH HE SAID ARE TOO NUMEROUS, PRODUCED TOO LARGE A DEFICIT, AND HAVE BEEN A CONSTANT HEADACHE TO THE GOVERNMENT.

2. ECONOMIC MINISTER GELBARD, SPEAKING TO SAME GROUP, ALSO INVITED BUSINESSMEN TO ASSIST IN MANAGEMENT OF STATE ENTER-
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PAGE 02 BUENOS 07520 121340Z

PRISES. IN ADDITION, HE IS QUOTED AS SAYING THAT 170 COM-

PANIES WHICH HAD FALLEN UNDER STATE ADMINISTRATION AS THE RESULT OF BANKRUPTCIES WOULD BE RETURNED TO PRIVATE OWNERSHIP.

3. PERON'S PRAISE WARMLY RECEIVED BY CGE GROUP, WHICH DECLARED ITS SATISFACTION WITH GOA ECONOMIC POLICIES OVER LAST FOUR MONTHS IN SPITE OF ADJUSTMENT DIFFICULTIES POLICIES ARE CAUSING BOTH BUSINESS AND LABOR. OTHER REACTIONS ALSO GENERALLY FAVORABLE, ALTHOUGH MIXED WITH UNCERTAINTY AS TO MEANING OF INCREASED PRIVATE PARTICIPATION IN STATE ENTERPRISES AND RETURN OF STATE ADMINISTERED COMPANIES TO PRIVATE HANDS. WHILE LATTER GROUP NOT DEFINED, IT COULD INCLUDE NUMBER OF INEFFICIENT COMPANIES, E.G. ANTIQUATED SUGAR MILLS, WHICH CURRENTLY BEING OPERATED AT LOSS BY GOA PRIMARILY TO MAINTAIN EMPLOYMENT IN ECONOMICALLY DEPRESSED AREAS.

4. PERON DID NOT EXTEND HIS ENDORSEMENT OF CURRENT POLICIES AND PRAISE FOR MINISTRY OF ECONOMY TO INDIVIDUAL MEMBERS OF ECONOMIC TEAM, THUS FUELING SPECULATION RE POSSIBLE CHANGES IN NEAR FUTURE. ALL MEMBERS OF ECONOMIC TEAM HAVE SUBMITTED FORMAL RESIGNATIONS PRIOR TO INAUGURATION OF PERON, AND GELBARD RECENTLY QUOTED AS SAYING HE READY AND WILLING TO STEP DOWN. IN ABSENCE ANY REAL INDICATIONS THAT GELBARD HAS FALLEN OUT OF FAVOR WITH PERON, HOWEVER, APPEARS MORE LIKELY THAT ANY IMMEDIATE CHANGES WILL BE AT SUBSECRETARY LEVEL.
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